**Counter Offer & Standing Offer**

**1. Counter Offer**

**Meaning & Definition**

A counter offer occurs when the original terms of an offer are modified by the offeree, creating a new offer. This means that instead of accepting the original offer, the offeree introduces new terms, conditions, or changes, which the original offeror must now accept or reject.

Example:

A offers to sell his car to B for ₹5,00,000. B responds, “I will buy it for ₹4,50,000.” This is a counter offer that cancels A’s original offer.

Legal Effect:

 1. A counter offer destroys the original offer – Once a counter offer is made, the original offer no longer exists.

 2. A counter offer creates a new offer – The roles of the parties are reversed; the original offeror now becomes the offeree.

 3. If the original offeror rejects the counter offer, no contract is formed.

Case Law: Hyde v. Wrench (1840)

 • Wrench offered to sell his farm to Hyde for £1,000. Hyde countered with £950, which Wrench rejected. Later, Hyde tried to accept the original £1,000 offer, but Wrench refused. The court held that Hyde’s counter offer had already destroyed the original offer, so Wrench was not bound to sell the farm.

Key Points:

 • A counter offer is not an acceptance but a new offer.

 • It terminates the original offer.

 • Acceptance of a counter offer leads to a contract.

**2. Standing Offer**

Meaning & Definition

A standing offer is an offer that remains open for a specific period and can be accepted multiple times by different people or the same person. It is not a one-time offer but a continuous offer to supply goods or services.

Example:

A government department invites suppliers to provide stationery for one year at fixed rates. A supplier agrees to supply at those rates whenever needed. This is a standing offer.

Characteristics of a Standing Offer:

 1. Ongoing Nature – The offer remains open for a period and can be accepted multiple times.

 2. Not a Contract Until Accepted – A standing offer becomes a contract each time an order is placed.

 3. Can Be Revoked – The offeror can revoke the standing offer before acceptance, provided proper notice is given.

Types of Standing Offers:

 1. Specific Standing Offer – Made to a specific person or organization.

 2. General Standing Offer – Open to the public or multiple parties.

Case Law: Bengal Coal Co. v. Homee Wadia (1899)

 • The government invited tenders for coal supply. The Bengal Coal Co. submitted a tender, which the government accepted. However, the government later refused to place an order. The court held that a standing offer is not a contract until an actual order is placed.

Key Points:

 • A standing offer is not a contract until acceptance occurs.

 • It allows multiple acceptances over time.

 • It can be revoked before acceptance but not once an order is placed.